Salem Public Library

The Resilient Library Newsletter

March 1, 2022

Volume 18 Issue 1

SPECIAL EDITION

PLEASE NOTE:

Many of the images and underlined text in this newsletter have hyperlinks to their corresponding websites.

Press Click or Ctrl+click on images and underlined text to be directed to those websites.

Inside this issue:

Tax Breaks After 50 You Can't Afford to Miss

IRS tax code offers perks to taxpayers of a certain age

By Patricia Amend

Credit: Getty Images

If you're 50 or older, there is one benefit to reaching this milestone that you may be overlooking: tax breaks aimed right at you. Now you can contribute more to your Roth or traditional individual retirement account (IRA), to your employer-sponsored plan or to your health savings account (HSA) than you could when you were younger. You can even exclude more income from your tax computations.

Congress included some of these provisions in the Economic Growth and Tax Relief Reconciliation Act, which took effect in 2002, out of concern that the boomer generation had not saved enough for retirement. Congress included other tax-saving provisions, such as a bigger standard deduction, in the Tax Cut and Jobs Act of 2017.

If you're behind on your retirement savings, the tax law gives you a chance to catch up. And if you're in retirement, or near it, the tax code allows you to pay a bit less in taxes. That's a combination you shouldn't pass up.

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Advice from the 'Friends Talk Money' podcast hosts and the IRS

By Richard Eisenberg

Sorry to be the bearer of bad news but filing your 2021 tax return may be one frustrating experience — especially if you're expecting to get a refund.

Recently, U.S. Treasury Department officials conceded in a phone call with reporters that the Internal Revenue Service (IRS) will face "enormous challenges" this filing season; the agency will start accepting federal income tax returns Monday, January 24.

The problems? The IRS is backlogged, many centers that process paper returns have been closed due to COVID-19 and the agency is understaffed (its customer service workforce is down 40% since 2010). What's more, last year's stimulus payments and the expanded child-care tax credit have added filing complexity.

That means 2021 tax refunds are likely to be delayed; usually electronic refunds come three weeks after filing, a week faster than ones for paper returns.

Based on last year's experience, getting answers from the IRS will be even harder than usual, too. According to The Washington Post, the National Taxpayer Advocate watchdog group said that in 2021, just 3% of calls were answered by the IRS' 1040 support line for individual income tax returns.

One important date to know: For most people, the tax-filing deadline this year is April 18th, not April 15th, due to Washington, D.C.'s Emancipation Day.

Credit: Getty

But in the new episode of the "Friends Talk Money" podcast I host with personal finance mavens Terry Savage and Pam Krueger, the three of us — along with IRS spokesman Eric Smith offered advice to help taxpayers file their returns.

I'll share tax tips from the podcast here. (You can listen to the entire "Friends Talk Money" episode wherever you get your podcasts or at the end of this article.)

One important date to know: For most people, the tax-filing deadline this year is April 18th, not April 15th, due to Washington, D.C.'s Emancipation Day. Residents of Maine and Massachusetts have until April 19th because of Patriots' Day in their state; victims of tornados and wildfires in Colorado, Illinois, Kentucky and Tennessee have a May 16th deadline.

Consider Filing Electronically This Year

The top tip for your 2021 taxes from the "Friends Talk Money" podcast hosts and Smith: file your return electronically, rather than on paper, if you can. It's likely to be processed faster that way and if you'll be due a refund, it'll come sooner.

"Fewer mistakes happen when returns are filed electronically," Smith said.

If you do expect a refund, tell the IRS you want to get it by direct deposit; that'll save time, too. You can track your refund status at the Where's My Refund? area

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6 Surprising Ways Older Americans Can Save Money in Retirement

Use these tips to hold onto more cash

Credit: Getty:

By Sam Zimmerman and Sagewell Financial

You may have heard about the "Great Resignation" amid the COVID-19 pandemic. But guess what? Younger people aren't the only ones leaving their jobs. Many older Americans are departing the workforce—for good.

According to the Pew Research Center, in the third quarter of 2021, about 50% of U.S. adults 55 and older said they were out of the labor force due to retirement, compared to about 48% in the third quarter of 2019. In addition, roughly 67% of 65– to 74-year-olds were retired, compared with 64% during the same period in 2019.

With an influx of newly retired Americans, this is a good time to take a look at how to save and pocket more money during this next phase of your life, especially as running out of money is often a big concern. To that end, we've compiled a list of the top ways to save money in retirement. Some of these might surprise you.

1. Take Advantage of Property Tax Relief Programs

Many municipalities offer property tax breaks to older Americans who meet income and residency requirements…. [For Salem residents, go to https://salemva.gov/Departments/Commissioner-of-the-Revenue/Real-Estate-Tax-Freeze to see if you qualify and to apply.]

2. Consider Getting Long-Term Care Insurance (LTCI)

No one likes to think about what will happen if you get sick and can no longer live at home. Yet, long-term care can quickly drain your savings if you're not prepared. According to insurance company Genworth, the median annual cost for a private room in a nursing home is about $105,000, and it's almost $55,000 for home health aide services.

"Someone turning 65 today has almost a 70% chance of needing some type of long-term care services and supports in their remaining years," according to the U.S. Department of Health & Human Services.

This is why long-term care insurance (LTCI) is helpful. LTCI is private insurance designed to offer coverage for activities you can no longer do for yourself, like getting dressed or taking a shower. This type of insurance coverage can save you a ton of dough in the long run. For example, if you don't have LTCI, you could end up spending your savings to pay for your ongoing care. And, if you run out of savings, you may need to seek out a nursing facility covered by government assistance.

Yet, if you have LTCI, you can rest easy knowing that you'll get access to quality care faster, the insurance will cover some or all of the costs, and you can hold onto your savings.

Insurance can be confusing and for this reason, we recommend turning to a Sagewell Retirement Success Advocate (RSA) to help you navigate the best insurance plan for you.

3. Shop for Auto Insurance Savings to Lower Your Bills

Did you know you can get lower auto insurance by shopping around for better rates or switching companies? It's true.

In addition, you may be able to lower your insurance premium by taking a mature driver's course or bundling your home and auto insurance…

Need help saving money on your auto insurance? Sagewell makes it easy for you to get the lowest rates possible by shopping *for you* every six months.

4. Pocket More Cash with Savings Programs for Older Americans

Did you know there are a myriad of savings programs available just for older Americans? In fact, there are more than 10,000 ways to save, including discounts on over-the-counter medications and utilities.

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Besides government savings programs, you may also be able to save money at restaurants, clothing stores, pharmacies, supermarkets, hotels, cruise lines, car rental agencies, cell phone providers and even museums — simply by asking for discounts. Here is a sampling of where you can save money, according to U.S. News & World Report:

- Denny's and IHOP: 55-plus menu with discounted prices
- Outback Steakhouse:10% off to AARP cardholders
- Amazon Prime: discounted membership to those with a Medicaid card
- Kohl's: senior discount of 15% every Wednesday
- Michaels: 10% off most purchases, including sales items, every day for those ages 55 and older
- Marriott: 15% discount or more to those 62 and older on stays at participating locations
- Best Western: gives older Americans 15% off when booking reservations
- Amtrak: 10% off on most rail fares for older Americans

Don't Forget to Enroll Properly in Medicare

In addition to the savings listed above, it's also important to enroll properly in Medicare if you are 65 or older to avoid penalties (more than 700,000 people pay a Medicare penalty each year because they didn't enroll correctly!).

5. Postpone Claiming Social Security if Possible

With so many older Americans retiring early, it might be tempting to start taking Social Security at age 62, the earliest you're eligible.

Yet, if you can hold out until full retirement age (between 66 and two months and 67, depending on when you were born), this will yield you more money over the course of your retirement years, according to Charles Schwab.

In fact, if you receive your Social Security check up to 36 months before your full retirement age, your benefit is permanently reduced by five-ninths of 1% for each month, according to Charles Schwab.

And, "if you start more than 36 months before your full retirement age, the benefit is further reduced by five-twelfths of 1% per month, for the rest of retirement," states a Charles Schwab article.

Schwab illustrates this with an example of someone who started receiving benefits at age 62 but had a full retirement age of 66 and 2 months. "In this case, the reduced benefit calculation is based on 50 months. This means that the reduction for the first 36 months is 20% (five-ninths of 1% times 36) and 5.83% (five-twelfths of 1% times 14) for the remaining 14 months. Overall, your benefits would be permanently reduced by 25.83%."

6. Switch Banks

Changing banks is probably not at the top of your mind when it comes to saving money, right?

Yet, if you want to avoid fees and actually hold onto more of your cash, this may be a wise idea, since many banks charge fees for checks, overdrafts and other services.

You may want to consider Sagewell, a bank account with no monthly fees, free checks and ongoing guidance. Sagewell is also the only banking company offering MyPaycheck, a build-your-own retirement paycheck.

MyPaycheck is a no-cost feature that turns your Social Security, pension, IRA withdrawal and any other monthly or lump-sum income sources into one predictable paycheck that you'll receive bi-monthly — and early! Better yet, your Retirement Success Advocate will help you get started. ☐

Sam Zimmerman is the CEO and Cofounder of Sagewell, where he's focused on building financial products that help take the guesswork out of retirement. Sam spent the last nine years in financial technology having worked as a quantitative analyst and most recently as the cofounder of Freebird, a travel insurance company that was sold to Capital One. Sam has also worked at MIT and NASA in research roles in cybersecurity, statistics and cognitive science. Read More

Sagewell By Sagewell Financial

Sagewell is the only one-stop-shop financial platform built using modern technology exclusively for older adults. We use innovative financial products and human support to help older adults get the most out of their retirement savings and entitlements.

We take the guesswork out of retirement by putting all of the key retirement-related financial and health products under one roof. As a result, our retirees make more confident aging related decisions, worry less about financial exploitation and get more out of their retirement.

Excerpted from 6 Surprising Ways Older Americans Can Save Money in Retirement | from NextAvenue.org

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Contribute More to Your Retirement Fund

For 2022, the contribution limit for employees who participate in 401(k), 403(b), most 457 retirement saving plans and the federal government's Thrift Savings Plan has been increased to $20,500, from $19,500 in 2021. Employees 50 and older can add an additional $6,500, for a total of $27,000.

The contribution limit for a traditional or Roth IRA is unchanged at $6,000. The catch-up is $1,000, the same as for 2021. It is $3,000 for a Savings Incentive Match Plan for Employees (SIMPLE) plan.

However, many folks are missing this opportunity. Despite generous catch-up provisions for those 55 and older, just 15 percent of those who are eligible are making them, according to the Vanguard Group's "How America Saves 2021" report.

At the same time, data from the National Retirement Risk Index (NRRI) compiled by the Boston College Center for Retirement Research indicates that half of all American households won't be able to afford their current standard of living once their regular paychecks stop. As of June 2020, 50 percent of married retirees were relying on Social Security payments for half of their income; for single people, that number was 70 percent. For 2022, the average Social Security retirement benefit is estimated at just $1,657 a month.

Those Retirement Contributions Can Lower Your Tax Bill

Aside from making your retirement more comfortable, contributing to a tax-deferred retirement plan, such as an IRA or a 401(k), also reduces your income — which, in turn, reduces your income taxes. Thanks to that reduction in taxes, increasing your contribution won't take as much of a bite from your paycheck as you might think. If you earn $75,000 a year, for example, a 5 percent contribution to your 401(k) would put $144 into your account, assuming a 25 percent tax rate. But your biweekly paycheck will fall by just $108, according to Fidelity Investments.

Contributions to a traditional IRA are tax-deductible as long as you meet IRS rules, including income limits. IRA contributions are fully deductible if you (and your spouse) aren't covered by a retirement plan at work. However, the deduction may be limited if you are (or your spouse is) covered by a workplace retirement plan and your income exceeds certain limits. For 2022, IRA deductions for singles covered by a retirement plan at work aren't allowed after modified adjusted gross income (MAGI) hits $78,000; the deduction disappears for married couples filing jointly when MAGI hits $109,000.

Retirement contributions made to a Roth IRA or Roth 401(k) are done on an after-tax basis: You get no upfront tax break for these contributions, but withdrawals taken from Roths in retirement are tax-free. The pretax money in traditional IRAs and 401(k)s grows tax-free, but you'll eventually pay taxes when you start making withdrawals in retirement.

Because saving an additional $6,500 to a 401(k) may be challenging for some, Nicole Gopoian Wirick, a certified financial planner (CFP) at Prosperity Wealth Strategies in Birmingham, Michigan, advises her clients to have the catch-up amount divided evenly over each paycheck and deducted automatically. "Contributing $250 over 26 pay periods may seem more attainable," she says.

Clark Randall, a CFP at Financial Enlightenment in Dallas, Texas, encourages his clients to rethink their budgets to increase their regular retirement contributions throughout the year. "Budgeting for this expense is the same as any other. It takes discipline and compromise."

If you still want to make catch-up contributions to a traditional IRA or Roth IRA for 2021, you have time. The deadline is April 15, the filing date for your tax return, unless you file for an extension. However, 401(k)s, 403(b)s, Thrift Savings Plans and most 457 plans go by the calendar year, so you'll be investing for 2022 and have until the end of the year to do so.

You Can Wait Until 72 to Start Your RMDs

Speaking of which, there's also good news on required minimum distributions (RMDs), the minimum amount you must withdraw from a tax-deferred retirement plan, such as a traditional IRA. (Roth IRAs don't require distributions while the owner is alive.)

Under rules that kicked in in 2020, you can wait until the year in which you reach age 72 before having to start taking RMDs. Previously, the age was 70 1/2. If you don't need the RMD, consider donating it to charity. If you donate your RMD to a qualified charity directly from your retirement account, up to $100,000, you won't owe income tax on the distribution.

Don't Forget Your HSA

If your employer offers a health savings account (HSA), you'll want to make sure to take full advantage of it. The IRS allows you to deduct your contributions to your retirement account from your gross income, even if you don't itemize, and those made by your employer are excluded from your gross income, too. Any earnings are tax-free. Your distributions aren't taxed, provided you use them for qualified medical expenses, of which there are

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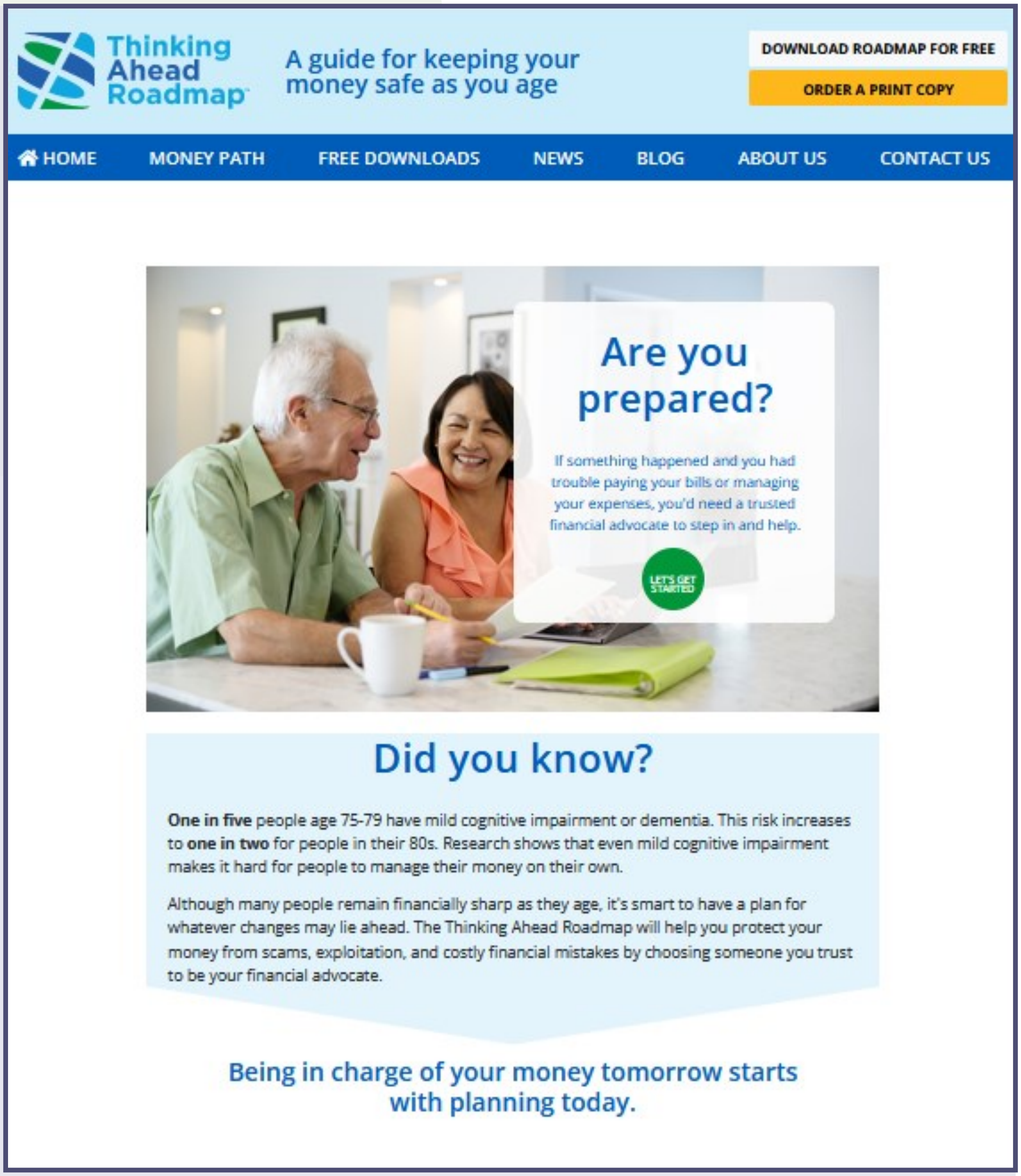
Thinking Ahead Roadmap Website



"Having a financial advocate will help keep your money safe and give you peace of mind. A financial advocate might be your spouse, partner, adult child, other relative, close friend, or even a paid professional.

Financial advocates can handle your money matters like paying your bills, repaying money you owe, applying for government benefits, managing property, filing insurance claims, paying taxes, and keeping an eye on your retirement savings.

Your financial advocate needs to know what matters to you. They also need to have the authority to step in if needed. We're here to help you pick the right person to help keep your money safe and ensure your needs are met."

"ABOUT THE PROJECT—Our goal is to inspire aging adults to plan ahead. Development of the Thinking Ahead Roadmap was supported by a generous grant from AARP with foundational research sponsored by the Society of Actuaries. This free resource was informed by: 27 in-depth interviews with elder law attorneys, financial advisors, geriatric health professionals, older adults, and caregivers of older adults. It was also guided by four focus groups interviews with adults from diverse races, ethnic, and income backgrounds; and a 2-week online forum where more than 120 older adults shared their personal stories and perspectives on advance financial care planning."

Visit this website at https://thinkingaheadroadmap.org

Pros and Cons: Exploring the Differences in Medicare Coverage

How beneficiaries get their care differs depending on the option they choose

By Sari Harrar

Medicare covers most medical services that beneficiaries need but there are differences in how those needs are covered, including which providers you can see, what hospitals and other facilities you can access and how you pay for care. Here are some key differences between original Medicare and Medicare Advantage (MA) plans.

1. Chronic Conditions (diabetes, arthritis, heart disease, etc.)

Original Medicare	Medicare Advantage
Pros	**Pros**
• You don't need a referral to see specialists. • You can choose any specialist in the U.S. who accepts Medicare. • You can get routine tests and treatments without prior authorization. • Supplies — like test strips, blood-sugar monitors and nebulizers—are covered (usually with a 20 percent cost share).	• A primary care doctor typically manages your overall plan. Research suggests this may improve outcomes. • Many plans cover supplies plus the costs for gym memberships, weight-loss programs and other health services. • You may be eligible for a Medicare Advantage Special Needs Plan (SNP) that provides care tailored to chronic conditions.
Cons	**Cons**
• You need a separate Part D Plan to cover prescription medicines. • There's no cap on annual out-of-pocket costs, although a supplemental Medigap policy would cover most of them. • Some diabetes programs are covered, but not most gym fees and weight-loss or healthy lifestyle programs.	• Most plans require you to use in-network providers. This could mean not being able to see your preferred doctor. • Academic medical centers offering more advanced treatments may not be in your network. • Tests and treatments often require pre-authorization. • The annual cap on out-of-pocket costs can be high—up to $7,550 to $11,300 in 2021.

2. Weight-Loss Help

Original Medicare	Medicare Advantage
Pros	**Pros**
• If your body mass index is 30 or higher, you may qualify for up to 22 visits for nutritional assessment and counseling in a free obesity management program. Up to two years of Diabetes Prevention Program classes, which include weight loss and nutrition, are covered for people with prediabetes.	• Plans may offer help with programs like WW (formerly Weight Watchers, which offers AARP members a discount), Jenny Craig or Nutrisystem. • You may also be able to get a gym membership, such as SilverSneakers.
Cons	**Cons**
• Gym memberships and commercial weight-loss plans aren't covered.	

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Excerpted from Pros and Cons: Exploring the Differences in Medicare Coverage | from AARP.org

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3. A Case of the Flu

Original Medicare	Medicare Advantage
Pros	**Pros**
• You can go to any doctor or urgent care center that accepts Medicare. • A flu test may be fully covered. Part D drug plans will cover an antiviral flu drug for as little as $3 to $10 for generics (more for some brand-name drugs.)	• Your plan may have a low copay for a visit to any urgent care center. • Your copay for a flu test could vary from $0 to more than $40. • Drug coverage for an antiviral is comparable with a Medicare Part D plan.
Cons	**Cons**
• Unless you have supplemental insurance like Medigap, you'll pay 20 percent of the cost of a doctor or urgent care visit after meeting your Part B deductible ($203 in 2021).	• You may have to pay up front and request a reimbursement for an out-of-network flu shot.

4. An Emergency Appendectomy

Original Medicare	Medicare Advantage
Pros	**Pros**
• You can go to any emergency room.	• You can get care in any ER, with a copay that could be $50 to $90. • Your ambulance ride could be free or cost less..
Cons	**Cons**
• Unless you have supplemental insurance, you'll pay a share of the ER visit and each medical service you receive, plus a 20 percent coinsurance for emergency room doctor fees. • You'll pay 20 percent of ambulance costs, if one was used. • If you're admitted to the hospital, unless you have a supplemental plan, you'll pay a $1,484 deductible for your hospital visit.	• If admitted to out-of-network hospital, charges may not be covered after you're deemed "stable." • If your doctor determines you need a procedure but it's not extremely urgent, you may face high bills unless you switch to a hospital in the network.

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Experts interviewed for this article—Jean Fuglesten Biniek, senior policy analyst at the Kaiser Family Foundation; Anna Schwamlein Howard, principal, policy development, the American Cancer Society Cancer Action Network; Mary Johnson, Medicare policy analyst for the Senior Citizens League; Alicia Jones, director of the Nebraska State Health Insurance Assistance Program (SHIP); Stephanie Krenrich, director of federal relations for the American Cancer Society Cancer Action Network; David J. Meyers, assistant professor, Brown University School of Public Health; David J. Meyers, assistant professor, Brown University School of Public Health; Sungchul Park, assistant professor of health management and policy at Drexel University; (Continued on page 10)

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5. A Screening Colonoscopy

Original Medicare	Medicare Advantage
Pros	**Pros**
• They are 100 percent covered when done at recommended intervals and by a doctor/facility that accepts Medicare. • You don't need a referral.	• Screening colonoscopies at recommended intervals are covered 100 percent, provided you use an in-network doctor. • Some plans pick up the cost if a polyp is found and removed during your screening colonoscopy or if you need a colonoscopy due to a test finding.
Cons	**Cons**
• You have to pay for bowel prep products. Part D drug plans cover them, but you may have a copay. • If a polyp is removed and biopsied, the procedure becomes diagnostic and you may be responsible for 20 percent of costs. You'll face diagnostic charges, too, if you need a colonoscopy because another test found a potential problem. A supplemental policy may help.	• Usually you'll need to use an in-network provider for the procedure.

6. Ongoing Pain

Original Medicare	Medicare Advantage
Pros	**Pros**
• You can see any specialist who accepts Medicare. • Covers 80 percent of medically necessary physical and occupational therapy. Supplemental insurance may cover remaining costs. • Covers up to 20 acupuncture sessions for low-back pain and chiropractic spine manipulation with 20 percent coinsurance.	• Massage therapy for pain by a state-licensed massage therapist may be covered. • You may get a monthly stipend for OTC pain remedies like ibuprofen, as well as knee braces and back supports. • Covers physical and occupational therapy with in-network therapists, with copays as low as $10 to $20 in some plans.
Cons	**Cons**
• Doesn't cover massage therapy or over-the-counter (OTC) pain remedies.	• You must use in-network providers or pay more to see an out-of-network expert, except in special cases. • You may need a referral and approval before seeing a specialist or physical/occupational therapist.

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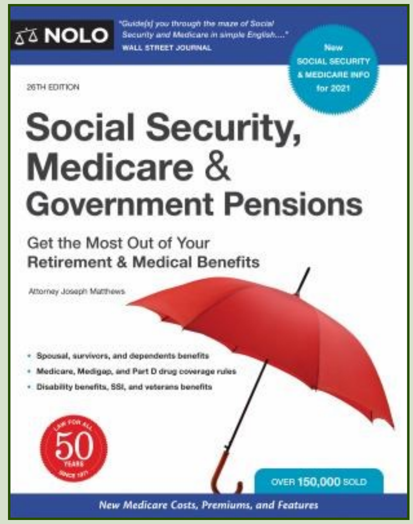
7. Hearing Decline

	Original Medicare	Medicare Advantage
Pros	• Covers hearing exams when used to help diagnose a medical problem. You pay 20 percent after deductible.	• Almost all plans offer some coverage for hearing exams and/or hearing aids. • Some plans can have a $0 copay for exams and hearing aid fittings. What you'll pay for hearing aids can vary widely.
Cons	• Original Medicare doesn't cover routine hearing exams, hearing aids or exams to fit hearing aids.	• You'll likely have to use in-network hearing aid providers. • You may need prior authorization.

(Continued from page 8) Ginny Paulson, director of the State Health Insurance Assistance Program National Technical Assistance Center; Christina Reeg, program director of the Ohio Senior Health Insurance Information Program; Casey Schwarz, senior counsel for Education & Federal Policy at the Medicare Rights Center; Matthew Shepard, communications director at the Center for Medicare Advocacy; Dan Sherman, founder and president of the NaVectis Group; Joseph Unger, associate professor, Public Health Sciences Division, Fred Hutchinson Cancer Research Center; Ray Walker, director of the Medicare Assistance Program at the Oklahoma Insurance Department. Author, Sari Harrar, is an AARP contributing editor who specializes in health and science.

Book Spotlight



Click on image to go to library catalog to request item.

Your complete guide to Social Security retirement and medical benefits. The rules for claiming Social Security benefits have changed. Find out if you can still choose between your own benefits and spousal benefits. Learn this and more...—completely updated for 2021.

Social Security benefits. Figure out how to get retirement, disability, dependents and survivors benefits, or Supplemental Security Income (SSI). Decide whether it's best to claim benefits early, at full retirement age, or not until you turn 70—and how to time your claims so you and your spouse get the best benefits.

Medicare & Medicaid. Learn how to qualify for and enroll in both programs, including Medicare Part D drug coverage.

Medigap insurance & Medicare Advantage plans. Compare Medigap and Medicare Advantage plans, and choose what's best for you.

Government pensions & veterans benefits. Discover when and how to claim the benefits you have earned.

What's New in 2021?

- Additions to Medicare Advantage plans
- New Medicare costs and Social Security amounts for 2021, and
- Changes to some Medigap plans.

Whether you're looking for yourself or helping a parent, you'll find valuable information here to help get the benefits you've earned.

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of the IRS website or through the agency's IRS2Go app.

Savage noted on the podcast, sadly, that many taxpayers still haven't received their 2020 tax refunds for returns filed last spring. Said Smith: "We are doing our best to work through that inventory and get people the money that they very much deserve."

One wrinkle for 2021 refunds is that the IRS isn't allowed to issue ones involving the additional child-care tax credit or that and the earned income credit before mid-February.

Did You Have Enough Taxes Withheld in 2021?

If you received a stimulus payment last year, when preparing your return, you'll want to use information from the IRS Letter 6475 you should have received. And if you received the extra child-care credit, you'll want to use information from IRS Letter 6419.

One tip I offered on the podcast: If you donated to charity last year, you'll be able to claim a deduction on your 2021 tax return whether you'll itemize deductions or not. The maximum write-off is $300 for single people and $600 for married couples filing jointly.

Savage advised all taxpayers to see if they had enough taxes withheld in 2021. "If you didn't withhold at least ninety percent of your tax liability or a hundred percent of what you paid in [taxes in 2020], you're going to want to make a quarterly estimated payment in January to avoid penalties," she said.

Fourth-quarter estimated taxes are normally due January 15th, but this year the date is January 18th due to Martin Luther King Jr. Day, Savage noted.

Krueger offered this tip for people who filed estimated taxes last year because they were self-employed, freelanced or had income as an Airbnb host: "If you feel you overestimated your income, to file for a refund you're going to use the 1040-ES form and that refund can be applied to your future quarterly estimated taxes."

One more piece of bad news — if your 2021 income was $73,000 or less and you planned to save money by using the IRS' Free File program to file a return electronically through one of its partners, know this: TurboTax and H&R Block aren't participating.

Looking towards 2022 taxes, Savage said, people 72 and older should pull together their 2021 statements from their traditional Individual Retirement Accounts and their 401(k)s to see how much they'll need to withdraw as their Required Minimum Distributions (RMDs) this year to avoid owing tax penalties. There are no RMDs for Roth IRAs.

I mentioned on the podcast that a new study by the Hearts & Wallets financial services research firm found that the biggest money management topic pre-retirees said they needed advice on was developing a strategy for withdrawing income from their different accounts.

So, if you're nearing retirement, you might want to meet with a tax pro or financial adviser to help make the right withdrawal moves — but maybe wait till after April 18th, when things have cooled down. ☐

Richard Eisenberg is the former Senior Web Editor of the Money & Security and Work & Purpose channels of Next Avenue and former Managing Editor for the site. He is the author of *How to Avoid a Mid-Life Financial Crisis* and has been a personal finance editor at Money, Yahoo, Good Housekeeping, and CBS MoneyWatch. Read More

Excerpted from Timely Tips for Filing Your 2021 Tax Return | NextAvenue.org

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Library Services/Events Being Offered at This Time:
OUR HOURS: Mon to Thurs, 10am to 8pm and Fri to Sat, 10am to 5pm.

AFTERNOON BOOK CLUB— Tuesday, March 29, 1 pm—Conservation Conversation: Books on Climate Change — Read any book–fiction or nonfiction-on climate, earth conservation, or weather events. A list of librarian-recommended titles is available.

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many — from ambulance rides to X-rays. Plus, the account is yours: You can take it with you to a new job and use the funds in retirement.

For 2022, you can contribute up to $3,650 if you have coverage for yourself, or up to $7,300 for family coverage. The catch-up is an additional $1,000 if you reach 55 during the year. However, your contribution limit is reduced by any amount your employer contributed that has been excluded from your income.

You Get a Bigger Standard Deduction at 65

The standard deduction, which reduces your taxable income and, in turn, lowers your tax bill, gets better with age. In 2022, when you fill out your federal income tax forms for income earned in 2021, married couples will get a standard deduction of $25,100, up $300 from tax year 2020. For single taxpayers and married individuals filing separately, the standard deduction rises to $12,550, up $150 from the previous year.

If you are 65 or older and file as a single taxpayer, you get an extra $1,700 standard deduction for tax year 2021 and an extra $1,750 for tax year 2022. Married and filing jointly? The extra standard deduction is less per person if only one person is 65 or older — $1,350 for the tax year. If both are 65 or older, the standard deduction increases by $2,700. For taxpayers who are both 65-plus and blind, the extra deduction is doubled.

The only drawback for some taxpayers with the higher standard deduction is that it sets a very high bar for itemizing deductions. It doesn't make sense to itemize if your deductions aren't higher than the standard deduction. Nevertheless, a deduction is a deduction, and getting a larger standard deduction is something to cheer about.

Bonus: If you're 65 and up and have a straightforward return, you might be able to use the new simplified Form 1040-SR for seniors. It has larger type for those who still file taxes by paper, there are places to enter such things as Social Security benefits and retirement distributions, and there's a handy chart that shows the bigger standard deductions.

Take Your Charitable Deduction Before It Goes Away

Because the standard deduction is so high, many people are no longer able to itemize their deductions. (It makes no sense to itemize if you get a bigger bang for your buck from the standard deduction.) For tax year 2021, however, a person filing a single return can take a $300 deduction for cash gifts to qualified charities. Those filing jointly can take $600. You can take this deduction if you take the standard deduction but not if you itemize.

You may want to dab your eyes a bit as you take this deduction: It goes away in tax year 2022. ☐

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